

Grand Canyon Youth
FINANCIAL STATEMENTS
Year Ended December 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Grand Canyon Youth
Flagstaff, Arizona

We have audited the accompanying statement of financial position of Grand Canyon Youth (GCY, an Arizona nonprofit corporation) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the GCY's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Canyon Youth as of December 31, 2009, and the changes in its net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Fester & Chapman P.C.

October 19, 2010

Grand Canyon Youth

STATEMENT OF FINANCIAL POSITION

December 31, 2009

ASSETS

Cash and cash equivalents	\$ 87,855
Investments	10,466
Prepaid expenses	3,941
Furniture and equipment, net \$65,208 accumulated depreciation	<u>79,573</u>
Total assets	<u>\$ 181,835</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 14,565
Deferred revenue	<u>4,722</u>
Total current liabilities	19,287
Net assets:	
Unrestricted net assets	154,548
Temporarily restricted net assets	<u>8,000</u>
Total net assets	<u>162,548</u>
Total liabilities and net assets	<u>\$ 181,835</u>

The accompanying notes are an integral part of these statements.

Grand Canyon Youth

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

Unrestricted net assets:	
Support, revenues and losses:	
Grants and contracts	\$ 225,916
Contributions	48,609
Program fees	171,348
Special event income	30,638
Miscellaneous income	1,834
Loss on disposal of equipment	(2,948)
In-kind services	<u>98,024</u>
Total support and revenues	<u>573,421</u>
Expenses:	
Rafting and education related expenditures	484,994
Management and general	64,847
Fundraising and public relations	<u>14,110</u>
Total expenses	<u>563,951</u>
Increase in unrestricted net assets	9,470
Temporarily restricted net assets:	
Support and revenues - grants	<u>8,000</u>
Increase in temporarily restricted net assets	<u>8,000</u>
Total increase in net assets	17,470
Net assets, beginning of year	<u>145,078</u>
Net assets, end of year	<u>\$ 162,548</u>

The accompanying notes are an integral part of these statements.

Grand Canyon Youth

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

Cash flows from operating activities:	
Change in net assets	\$ 17,470
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	22,274
Donation of stock	(10,466)
Loss on disposal of equipment	2,948
Change in:	
Prepaid expenses	(3,941)
Accounts payable and accrued expenses	5,662
Deferred revenue	4,722
Net cash provided by operating activities	<u>38,669</u>
Cash flows from investing activities:	
Purchase of furniture and equipment	(15,521)
Proceeds from sale of equipment	<u>750</u>
Net cash used by investing activities	<u>(14,771)</u>
Net increase in cash and cash equivalents	23,898
Cash and cash equivalents, beginning of year	<u>65,730</u>
Cash and cash equivalents, end of year	<u>\$ 89,628</u>
<u>Supplementary cash flow information:</u>	
Cash paid for interest	<u>\$ 0</u>

The accompanying notes are an integral part of these statements.

Grand Canyon Youth

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 - BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES

Grand Canyon Youth (GCY) is an Arizona nonprofit corporation, incorporated in December 1998. GCY's purpose is to give youth (ages 12–19) an experiential education along the rivers and canyons of the Southwest in an effort to promote environmental awareness, community involvement, personal growth, and teamwork among people with diverse backgrounds.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of Not-for-Profit Entities, requiring GCY to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. GCY does not have any permanently restricted net assets at December 31, 2009.

Use of Estimates: In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: GCY considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. There were no uninsured cash balances at December 31, 2009.

Furniture and Equipment: Furniture and equipment are stated at cost, if purchased, or fair value at time of donation, if donated. GCY capitalizes all furniture and equipment acquisitions in excess of \$1,000 with a useful life of more than one year. Depreciation is provided over their estimated useful lives of three to seven years using the straight-line method.

In-Kind Contributions: In-kind contributions represent services and property which meet the criteria specified in the FASB ASC topic of Not-for-Profit Entities; among other things, services requiring specialized skills and services that GCY would typically purchase. Contributed services and property are measured at the estimated fair value of the contributions received.

Income Taxes: GCY is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, if GCY were to generate income from activities not directly related to GCY's tax-exempt purpose, GCY may be subject to taxation. In addition GCY qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Grand Canyon Youth

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Contributions: Contributions are reported in accordance with the FASC ASC topic of Not-for-Profit Entities, Accounting for Contributions Received and Contributions Made. Contributions are recognized when the donor makes a pledge to give, that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal period. Restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in temporarily or permanently restricted net assets. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Fair Value of Financial Instruments: GCY's cash and cash equivalents, investments and accounts payable represent financial instruments. The carrying value of these financial instruments approximates their fair value.

Expense Allocation: The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 - INVESTMENTS

During December 2009, GCY received donation of equity investments. At December 31, 2009, investments in equity securities are stated at their fair market value of \$10,466. Per GCY's policy on stock donations, these securities were liquidated in January 2010.

GCY maintains its investments at one national financial institution. Balances are protected by Securities Investors Protection Corporation (SIPC) against theft, loss or failure of the brokerage firm up to \$500,000.

NOTE 3 - OPERATING LEASES

GCY leases its office space and warehouse under an operating lease agreement that expires August 31, 2011. Future minimum payments of \$36,000 and \$24,000 are due in 2010 and 2011, respectively.

NOTE 4 - CONCENTRATION OF REVENUES

During the year ended December 31, 2009, GCY received supporting grants from two separate grantors which comprised 21% and 11% of total revenues, respectively.

Grand Canyon Youth

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 5 - IN-KIND REVENUE AND EXPENSE

GCY received services without payment or compensation which amounted to \$98,024 during the year ended December 31, 2009. This support is reflected in the financial statements as revenue and expense in accordance with generally accepted accounting principles.

NOTE 6 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 19, 2010, which was the date GCY's financial statements were issued.